

ART: CONTEMPORARY AND VERY CONTEMPORARY

**A Square's Art Series with Philip Hoffman<sup>1</sup> - I**

**Focus:** Contemporary Art

**Description:** Twentieth Century Western Art can generally be divided into four sectors:

- Modern Art (1900-1945)
- Post War (1945-1960)
- Contemporary (1960-1985) and
- Very Contemporary (1985-present day)

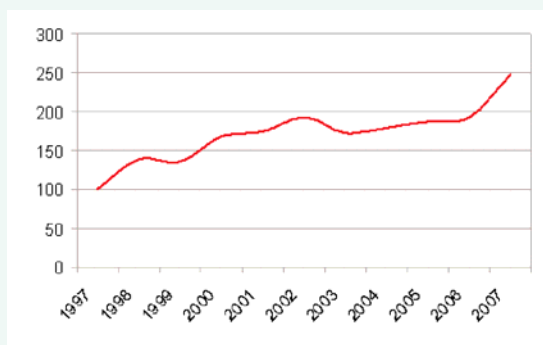
Within each of these sectors are a variety of art movements, for example [Abstraction](#), [Minimalism](#), [Pop Art](#), etc.

An artist such [Andy Warhol](#) would generally be classified as Contemporary, versus [Damien Hirst](#) as Very Contemporary and [Pablo Picasso](#) would have spanned Modern, Post War and Contemporary Art

- [The hottest areas of the art market are currently Contemporary and Very Contemporary Art](#)
- The record price for a Post War artwork (and indeed the most expensive artwork ever sold) was the reported November 2006 sale of the [Jackson Pollock](#) painting from 1948, [No. 5](#), which reputedly sold privately for USD140mn\*
- Prices in this market are still dominated by mainly UK and USA artists

**Strengths of the Contemporary and Very Contemporary Markets:**

- Unlike other areas of the art market (Old Masters, Impressionists, Modern Art), there is an growing supply of works, due to the ongoing production by artists. For example, [Peter Doig](#), the artist recently set a record at auction for a European living artist, with the painting [White Canoe](#), February 2007, at Sotheby's London, (sale price including premium GBP5.7mn) - is only 48 years old and producing work
- New artists enter the market every year
- New collectors are also joining the market, for eg. from Russia, China and India - who besides collecting regional art are also interested in Western art
- The above mentioned painting by [Peter Doig](#) was bought by a new Russian buyer, who spent over GBP10mn during that auction week.
- Art fairs where Contemporary works can be purchased - such as [Frieze in London](#), [Art Basel Switzerland](#) and [Art Basel Miami Beach](#), have become much lauded affairs that have launched the Contemporary art market on the global social scene



• This market has shown steady growth over the past decade, as illustrated by the adjacent graph (courtesy: Dr. Rachel Campbell, an art market analyst at the University of Maastricht).

Graph shows:

100 EUR invested in 1997 in the [Contemporary Art](#) market would have averaged almost 250 EUR over the 10 year period (Datasource: Art Market Research)

**Weaknesses of the Contemporary Market:**

- Access to the best works can be very difficult, as works by popular artists tend to be sold to top collectors
- Market hype can inflate artists' prices
- Price speculation by some collectors
- Glut of work to the market can make finding quality works by emerging artists quite difficult

**Opportunity:**

- A portfolio of emerging artists can include some with lasting popularity and higher prices, i.e. Charles Saatchi and his portfolio of YBA's (Young British Artists) as also his portfolio of painters from the Leipzig School
- Adding Contemporary art to a wider art portfolio, including Old Masters, Impressionists and Modern Art, only adds to diversification within the art market
- [The Contemporary market moves faster than any other sector of the art market, thus creating greater risk, but also greater rewards](#)

**Threat:**

- An art market crash, due to perception that prices of Very Contemporary art, in particular, are over inflated
- Financial market crash, although it should be noted that art has a very low, even negative, correlation to other traditional asset classes

**Risks involved:**

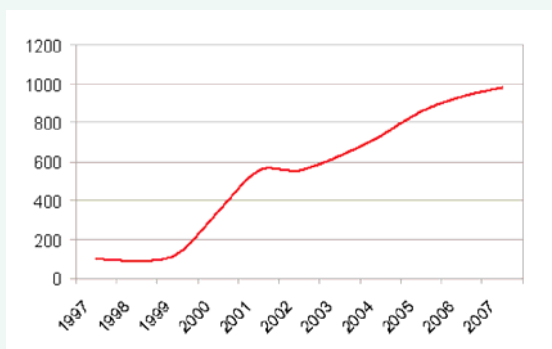
- Theft/ Damage/ Provenance/ Title issues
- Getting caught in market inefficiencies, i.e. transaction costs via galleries and auction houses
- Low liquidity rate for certain artists
- Selling at less than market peak

Charles Saatchi sold from his collection, a 1995 painting by the British artist Glenn Brown, for approximately GBP10,500 in 1998, and then the same painting sold at an auction for approximately GBP220,000 in 2005

**Performance:**

- With proper due diligence and market experience, the above risks can be minimised and/or avoided and the performance of an art portfolio can be maximised
- Artist performance can be tracked using a wide array of information, including art indices that are based on auction records, an artist's rate of production, exhibition history in both galleries and museums, which collectors/ gallerists /museums buy and/or promote the work, and most of all, supporting market intelligence

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• Graph depicts:

For example, Dr. Rachel Campbell tracked the market of Bridget Riley (b. 1931), a British artist who has been producing work for over 40 years, and the steady increase in her market over the past 10 years. 100 EUR invested 10 years ago in 1997 would have an average value of 981 EUR in February 2007. (Data source: artprice.com)

- Expert advice in the market is crucial to undertaking investments in Contemporary art, especially since the art market is highly unregulated - 'insider' information is key.
- Art funds can help provide the above

Forecast:

- With numerous new buyers entering the Contemporary market and demand stepping up, it is widely believed that 2007 is shaping up to be the strongest year thus far
- Christie's and Sotheby's are preparing to sell Post War and Contemporary artworks valued at over approximately USD500mn in the second week of May 2007, and expect many new artists records to be made

Outlook:

Contemporary and Very Contemporary Artists to be followed, and to watch out for over the next 12 months

The following artists command top prices, but will the prices continue to hold up...?

- Peter Dolk
- Andreas Gursky
- Andy Warhol
- Jasper Johns
- Sol LeWitt
- Richard Prince
- Cy Twombly
- Robert Rauschenberg
- Damien Hirst
- Willem De Kooning
- Jeff Koons

The following artists command strong prices, but does their work have the potential to be worth even more in 2007...?

- Cindy Sherman
- Mike Kelley
- John Baldessari
- Glenn Brown
- James Rosenquist
- Louise Bourgeois
- Eric Fischl
- Anselm Kiefer
- John Chamberlain
- Martin Kippenberger
- Bridget Riley

Upcoming artists to watch for...?

- Conrad Shawcross
- Banksy
- Banks Violette
- Paul Pfeiffer
- Kara Walker
- Kehinde Wiley
- Terence Koh

Comments/remarks:

Further Reading: *Collecting Contemporary*, Adam Lindemann, Taschen, 2006.  
[www.artprice.com](http://www.artprice.com), [www.artnet.com](http://www.artnet.com), [www.artmarketresearch.com](http://www.artmarketresearch.com)

1. Philip Hoffman is founder of The Fine Art Fund, which is still the only global art fund of its kind, and has since expanded into The Fine Art Fund Group Ltd, which consists of The Fine Art Fund I, The Fine Art Fund II, The Chinese Fine Art Fund, The Indian Fine Art Fund & an art advisory arm, FAIR (Fine Art Investment & Research)

(\*All prices are approximate and if sold at auction include the buyer's premium)